



Meeting Minutes - Draft
General Employees Pension Plan Board of Trustees

Wednesday, February 11, 2026

10:00 AM

MacKenzie Hall - 800 Dunlop Road

1. Call to Order

The meeting convened at 10:00 A.M.

2. Pledge of Allegiance

Secretary Juzkew led the Pledge of Allegiance.

3. Roll Call

Present: 5 - Board Member Brad Gloer, Board Member John Juzkiw, Board Member Bill Fellows, Board Member Jeffery Lemma, and Board Member Jason Maughan

a. Motion to excuse absent Trustees

All members were in attendance at this time.

4. Approval of Minutes

a. Draft Meeting Minutes

Chair Fellows thanked Attorney Chudachek and Deputy Clerk Hicks in capturing the motion related to the investment policy.

Board Secretary Juzkiw moved, seconded by Board member Lemma to adopt the November 12, 2025 meeting minutes. The motion carried.

5. Consultants Reports

a. Presentation by Burgess Chambers & Associates, Inc. (Burgess Chambers)

Mitchell Brennan presented on behalf of Burgess Chambers & Associates, covering market conditions for 2025 and the outlook for 2026, along with the quarterly investment report through December 31, 2025.

Chair Fellows confirmed for the record that the November rebalance was a direct result of the Board's prior discussion about concentration risk in the Magnificent 7, and expressed appreciation for the prompt execution by Burgess Chambers. The Board discussed the rebalancing trigger, recalling a threshold of approximately 3-5%

overweight in equities before action is taken, and asked that Burgess Chambers continue monitoring and acting on this discipline.

Board Members raised a question about liquidity and whether the Plan would have sufficient cash on hand to meet large near-term obligations, specifically upcoming DROP (Deferred Retirement Option Plan) payments. Deputy City Manager Steve Chaipel confirmed that cash flow is managed closely in coordination with Burgess Chambers' office and that large anticipated expenses, including DROP payments, are actively monitored.

Mr. Brennan, on behalf of Burgess Chambers, requested Board consideration to update the Investment Policy Statement (IPS) at the next quarter to add permissive language for high yield investments, noting that the current IPS parameters for the LDI portfolio restrict such exposure. The Chair expressed hesitation about modifying the investment strategy, noting that changes require approval by the City Council, and the Board indicated a preference to defer that discussion to a future meeting when a full proposal could be presented.

b. Presentation by Richmond Capital Management (Howard Bos)

Howard Bos of Richmond Capital Management presented the firm's quarterly report on the Plan's fixed income Liability-Driven Investment (LDI) portfolio. Mr. Bos provided context on Richmond Capital's management of the Plan's fixed income assets, noting the firm has managed fixed income for the Plan since 2008 and transitioned from a core mandate to an LDI mandate in 2024. He explained that LDI is designed to match the duration of the Plan's fixed income assets to the duration of its pension liabilities, thereby reducing interest rate sensitivity.

Board Members raised the observation that the Plan's liability yield, effectively the actuarial assumed rate of return of 6.5%, exceeds the LDI portfolio's yield to maturity of 5.17%, creating a yield gap that must be bridged by the equity allocation. He also noted that changes in credit spreads affect the asset side of the LDI equation without affecting the fixed liability obligation, representing a meaningful spread duration risk. He asked whether allocating a portion of fixed income to high yield could help close this gap.

Mr. Bos acknowledged the merit of the discussion but counseled against moving into high yield at this time, given that credit spreads are at historically tight levels, which makes the incremental yield pickup unattractive relative to the additional risk. He also noted that high yield bonds typically carry call features that complicate duration matching under an LDI strategy. He further pointed out that the Plan already has indirect exposure to high yield issuers through approximately 10% of the S&P 500 index constituents and suggested that if the Board ever wished to reduce equity risk

and add high yield, it would be more appropriate to carve that out of the equity sleeve rather than the fixed income sleeve, and only when spreads are more attractive.

c. Presentation by Foster & Foster, Actuaries and Consultants (Sara Carlson)

Sara Carlson of Foster & Foster presented the 2025 Actuarial Valuation Report as of September 30, 2025. Ms. Carlson reported that total Plan assets increased from approximately \$37.2 million to \$38.8 million as of September 30, 2025. Comparing assets to the actuarial accrued liability, the Plan is now in a surplus position with a funded ratio of 108.3%, reflecting a surplus of assets of approximately \$3.0 million after incorporating a mandated mortality assumption update. The Chair noted that the Plan is among a select group of Florida municipal pension plans to be fully funded, representing a benefit to Sanibel taxpayers through reduced required contributions.

Ms. Carlson explained that the valuation incorporates a mandated update to the mortality rate assumption. Per Florida statute, when the Florida Retirement System actuary updates mortality tables, all local government pension plans must adopt the same change. The Florida Retirement System actuary updated this assumption in the 2024 valuation; accordingly, the updated tables were applied here. The report presents three columns: prior-year results, current-year results without the assumption change, and current-year results with the assumption change. The funded status improved under all scenarios, with the assumption change resulting in a modestly more favorable surplus due to the updated mortality tables being somewhat more conservative than those previously used by the Plan.

The required city contribution for the fiscal year beginning October 1, 2026, decreased significantly, from approximately \$242,000 in the prior year to approximately \$100,291. Key drivers included strong market performance (over 9% return during the measurement year), favorable liability experience, a declining active participant population (now six active members following one retirement), and the payoff of a previously existing unfunded liability layer. Florida statute prohibits contribution holidays; accordingly, the minimum required contribution is set at the sum of the normal cost (\$55,044) and administrative expenses (\$44,497), even though the surplus would arithmetically eliminate any contribution requirement. The city's net contribution after expected member contributions of approximately \$32,000 will be just under \$68,000.

Board Member Maughan moved, seconded by Board Member Gloer to approve the report by Foster & Foster. The motion carried.

6. Staff Liaison Report

a. Cash flow analysis prepared by Steve C. Chapel, Deputy City Manager/CFO

Deputy City Manager Steve Chaipel presented a historical summary of city pension contributions and the FY 2026 Plan Outflows Schedule. He emphasized that the city's policy is to fund at least the actuarially determined minimum required contribution, and in some years has contributed in excess of that minimum, which has contributed to the Plan's current surplus position. He cautioned against characterizing the Plan as "overfunded," noting the funded ratio is a snapshot in time as of September 30, 2025.

Mr. Chaipel noted that the separate receipts and disbursements account maintained at Fifth Third Bank is managed closely with Burgess Chambers' office on a near just-in-time basis. Combined Plan expenses and benefit payments are running at approximately \$3,000,000 annually, the vast majority of which are retiree benefit payments. The Board was reminded that two employees are currently in the DROP program, with the potential maximum disbursement noted for planning purposes, though participants are not required to remain in the program for the full five-year period.

b. 2025 Biannual Comprehensive Report Filing Report Verification

Mr. Chaipel confirmed that the biannual comprehensive investment program report to the State has been filed.

7. Old Business

a. Meeting Schedule for Calendar Year 2026

Mr. Chaipel noted that the 2026 meeting schedule had been approved at the November meeting but that some ambiguity existed regarding the November 2026 date due to the Veterans Day holiday. The schedule was revised to move the November meeting to November 4, 2026, one week earlier than the standard cycle. The Board was asked to review and formally approve the schedule as revised.

Board Member Gloer moved, seconded by Board Member Maughan to adopt the 2026 meeting schedule. The motion carried.

8. Reports

a. Chair

Chair Fellows summarized the key takeaways from the meeting: the Board's deliberate risk-reduction strategy through the 50/50 asset allocation is on track; the Plan's fixed income portfolio is yielding 5.17% against a 6.5% actuarial assumption, with the gap to be covered by equity performance; and the Plan is now among the fully funded municipal plans in Florida. Chair Fellows expressed appreciation to Burgess Chambers for the timely execution of the November rebalance and reiterated the Board's expectation that Burgess continue to monitor and act on the established

rebalancing triggers.

b. Attorney

Attorney Chudachek reported that there were no significant legislative developments applicable to the Plan at this time. A couple of Florida Retirement System matters are being monitored, but no action is required. He also noted that he would be attending future meetings remotely as a general practice, with in-person attendance available upon request, which the Board approved without objection.

9. Next Meeting Date

May 13, 2026

10. Adjournment

There being no further business, the meeting adjourned at 11:10 a.m.